

A.B.B. Joint Fire District
Van Buren County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

**Members of the Board
A.B.B. Joint Fire District**

We have audited the accompanying financial statements of the governmental activities, the major fund, and the remaining fund information of A.B.B. Joint Fire District (the District), as of June 30, 2008, and for the year then ended, which collectively comprise the District's financial statements, as listed in the contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the respective financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund, and the remaining fund information of A.B.B. Joint Fire District as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison schedule, as listed in the contents, is not a required part of the basic financial statements of the A.B.B. Joint Fire District but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the method of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The District has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

December 2, 2008

BASIC FINANCIAL STATEMENTS

A.B.B. Joint Fire District

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET ASSETS

June 30, 2008

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of net assets</u>
ASSETS			
Cash	\$ 218,581	\$ -	\$ 218,581
Due from local units of government, net	40,624	-	40,624
Deferred charges	-	8,500	8,500
Capital assets not being depreciated - land	-	16,000	16,000
Capital assets, net of accumulated depreciation	-	972,761	972,761
Total assets	<u>\$ 259,205</u>	<u>997,261</u>	<u>1,256,466</u>
LIABILITIES			
Current liabilities - accounts payable	\$ 17,313	-	17,313
Current portion of long-term debt	-	53,847	53,847
Total current liabilities	17,313	53,847	71,160
Long-term debt - noncurrent portion	-	343,153	343,153
Total liabilities	<u>17,313</u>	<u>397,000</u>	<u>414,313</u>
FUND BALANCE			
Fund balance - unreserved, undesignated	<u>241,892</u>	<u>(241,892)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 259,205</u>		
NET ASSETS			
Invested in capital assets, net of related debt		591,761	591,761
Unrestricted		<u>250,392</u>	<u>250,392</u>
Total net assets		<u>\$ 842,153</u>	<u>\$ 842,153</u>
Operating Fund - fund balance			\$ 241,892
Amounts reported in the statement of net assets are different because:			
Other long-term assets are not financial resources and, therefore, are not reported in the funds			8,500
Capital assets used in <i>governmental activities</i> are not financial resources			988,761
Long-term liabilities, including notes payable, are not due and payable			<u>(397,000)</u>
Net assets of <i>governmental activities</i>			<u>\$ 842,153</u>

See notes to financial statements

A.B.B. Joint Fire District

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES**

Year ended June 30, 2008

	<u>Operating Fund</u>	<u>Adjustments</u>	<u>Statement of activities</u>
EXPENDITURES			
Fire protection - operations	\$ 234,489	\$ 89,526	\$ 324,015
Debt service - interest	1,435	-	1,435
Capital outlay	<u>506,724</u>	<u>(506,724)</u>	<u>-</u>
Total expenditures	<u>742,648</u>	<u>(417,198)</u>	<u>325,450</u>
PROGRAM REVENUES			
Intergovernmental charges	319,851	-	319,851
Charges for services	6,161	-	6,161
Operating contributions	3,336	-	3,336
Capital grants and contributions	<u>15,000</u>	<u>-</u>	<u>15,000</u>
Total program revenues	<u>344,348</u>	<u>-</u>	<u>344,348</u>
NET PROGRAM REVENUES	<u>(398,300)</u>	<u>417,198</u>	<u>18,898</u>
GENERAL REVENUES			
Interest income	5,033	-	5,033
Proceeds from the sale of assets and gain thereon	<u>23,301</u>	<u>(10,914)</u>	<u>12,387</u>
Total general revenues	<u>28,334</u>	<u>(10,914)</u>	<u>17,420</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	<u>(369,966)</u>	<u>406,284</u>	<u>36,318</u>
OTHER FINANCING SOURCES			
Proceeds from the issuance of debt	<u>397,000</u>	<u>(397,000)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES/CHANGE IN NET ASSETS	<u>27,034</u>	<u>9,284</u>	<u>36,318</u>
FUND BALANCE/NET ASSETS - BEGINNING	<u>214,858</u>	<u>590,977</u>	<u>805,835</u>
FUND BALANCE/NET ASSETS - ENDING	<u>\$ 241,892</u>	<u>\$ 600,261</u>	<u>\$ 842,153</u>

See notes to financial statements

A.B.B. Joint Fire District

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE/STATEMENT OF ACTIVITIES (Continued)**

Year ended June 30, 2008

Net change in fund balance (from page 5)	\$ 27,034
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Amounts reported in the statement of activity are different because:

Other assets are not available to pay for current period expenditures and are not reported in the funds - debt issuance costs	8,500
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Capital assets:

Current year additions	491,544
Basis of asset dispositions	(10,914)
Provision for depreciation	(82,846)

Long-term debt - proceeds	<u>(397,000)</u>
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Change in net assets	<u>\$ 36,318</u>
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See notes to financial statements

A.B.B. Joint Fire District
STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST - Richard Beers Trust
June 30, 2008

ASSETS

Cash	\$ 12,104
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LIABILITIES

Scholarships payable	\$ 1,000
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NET ASSETS

Held in trust for other purposes	\$ 11,104
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STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

PRIVATE PURPOSE TRUST - Richard Beers Trust

Year ended June 30, 2008

ADDITIONS

Investment return	\$ 602
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DEDUCTIONS

Scholarships awarded	1,000
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CHANGE IN NET ASSETS

(398)

NET ASSETS - BEGINNING

11,502

NET ASSETS - ENDING

\$ 11,104

See notes to financial statements

A.B.B. Joint Fire District
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the A.B.B. Joint Fire District (the District), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the District. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The District has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the District's financial statements. Also, the District is not a component unit of any other entity. The District's support is primarily provided by its sponsoring entities: Township of Arlington, Township of Bangor, and City of Bangor.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all activities of the District. Currently, all activities of the District are classified as governmental activities, primarily supported by intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Intergovernmental support and other items not properly included among program revenues are reported instead as general revenue.

Financial statements are provided for the sole governmental fund as a separate column in the basic financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Intergovernmental revenues are recognized in the year for which they intended. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

A.B.B. Joint Fire District
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The government reports a single major governmental fund, the Operating Fund, which accounts for all financial resources of the District.

Additionally, the District reports the following fiduciary fund:

- Richard Beers Trust, a private purpose trust fund, that accounts for contributions and earnings thereon, that are available to award scholarships.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The District has elected not to follow subsequent private-sector standards.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all intergovernmental support.

d) Assets, liabilities and fund equity:

- i) Bank deposits* - Cash consists of demand deposits and savings accounts.
- ii) Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.
- iii) Capital assets* - Capital assets, which consist of vehicles and equipment, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Building and improvements	40 years
Vehicles	15 - 20 years
Equipment	5 - 15 years

A.B.B. Joint Fire District
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) *Assets, liabilities and fund equity* (continued):

- iv) *Fund equity* - In the fund financial statements, the Operating Fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - DEPOSITS:

At June 30, 2008, cash is classified in the accompanying financial statements as follows:

<u>Primary Government</u>	<u>Fiduciary</u>	<u>Total</u>
<u>\$ 218,581</u>	<u>\$ 12,104</u>	<u>\$ 230,685</u>

Custodial credit risk of deposits is the risk that in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of June 30, 2008, \$41,698 of the District's bank balances of \$236,935 was exposed to custodial credit risk because it was uninsured. The District believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the District evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

A.B.B. Joint Fire District
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - CAPITAL ASSETS:

Capital asset activity of the District for the current year was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Capital assets being depreciated:				
Building	\$ 360,314	\$ 25,334	\$ -	\$ 385,648
Vehicles	778,946	462,141	(184,839)	1,056,248
Equipment	221,136	4,069	-	225,205
Subtotal	<u>1,360,396</u>	<u>491,544</u>	<u>(184,839)</u>	<u>1,667,101</u>
Less accumulated depreciation for:				
Building	(90,182)	(9,439)	-	(99,621)
Vehicles	(547,778)	(62,041)	173,925	(435,894)
Equipment	(147,459)	(11,366)	-	(158,825)
Subtotal	<u>(785,419)</u>	<u>(82,846)</u>	<u>173,925</u>	<u>(694,340)</u>
Total capital assets being depreciated, net	574,977	408,698	(10,914)	972,761
Capital assets not being depreciated - land	<u>16,000</u>	<u>-</u>	<u>-</u>	<u>16,000</u>
Capital assets, net	<u>\$ 590,977</u>	<u>\$ 408,698</u>	<u>\$ (10,914)</u>	<u>\$ 988,761</u>

NOTE 4 - LONG-TERM DEBT:

At June 30, 2008, long-term obligations are comprised of the following individual issues:

Notes payable:

\$97,000 2007 USDA note - payable in annual installments ranging from \$8,000 to \$11,000, plus interest at 4.125%; final payment due September 2017 \$ 97,000

\$300,000 2008 Installment purchase agreement note - payable in annual installments of \$56,227, including interest at 3.60%; final payment due June 2014 300,000

Total notes payable \$ 397,000

A.B.B. Joint Fire District
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - LONG-TERM DEBT (Continued):

Long-term debt activity for the year ended June 30, 2008, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
2007 USDA note	\$ -	\$ 97,000	\$ -	\$ 97,000	\$ 8,000
2008 Bank note	-	300,000	-	300,000	45,847
Total notes payable	<u>\$ -</u>	<u>\$ 397,000</u>	<u>\$ -</u>	<u>\$ 397,000</u>	<u>\$ 53,847</u>

At June 30, 2008, debt service requirements were as follows:

<u>Year ended June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 53,847	\$ 14,209
2010	55,433	12,294
2011	58,074	10,301
2012	59,772	8,239
2013	61,529	6,103
2014 - 2018	<u>108,345</u>	<u>7,489</u>
Totals	<u>\$ 397,000</u>	<u>\$ 58,635</u>

NOTE 5 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - An annual budget is adopted on a basis consistent with generally accepted accounting principles for the Operating Fund. The budget document presents information by function and line items. The legal level of budgetary control adopted by the governing body is the line functional level. Amounts encumbered for purchase orders, contracts, etc., are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered. The District had no significant budget variations during the fiscal year.

A.B.B. Joint Fire District
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - PENSION PLAN:

The District sponsors a defined contribution plan for all full-time employees. Employees are allowed to contribute amounts subject to IRS limitations. The District makes a contribution (not to exceed 5% of covered payroll) for all personnel who participate in the plan. For the year ended June 30, 2008, the District contributed \$2,642 to the plan.

The District has no administrative or fiduciary responsibilities over the plan or plan assets. Accordingly, activity and balances of the plan are not included in these financial statements.

NOTE 7 - CLAIMS ARISING FROM RISKS OF LOSS:

The District is exposed to various risks of loss due to general liability, property and casualty, and workers' compensation potential claims. The risks of loss arising from general liability up to \$1,000,000 aggregate, building contents and property damage, and workers' compensation coverage are managed through purchased commercial insurance.

REQUIRED SUPPLEMENTARY INFORMATION

A.B.B. Joint Fire District
BUDGETARY COMPARISON SCHEDULE - Operating Fund
Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Intergovernmental support:				
Arlington Township	\$ 107,776	\$ 107,776	\$ 107,776	\$ -
Bangor Township	139,801	139,801	139,801	-
City of Bangor	<u>72,274</u>	<u>72,274</u>	<u>72,274</u>	<u>-</u>
Total intergovernmental support	319,851	319,851	319,851	-
Federal grant	-	15,000	15,000	-
Charges for services	-	5,000	6,161	1,161
Donations	-	3,300	3,336	36
Interest and rentals	500	5,714	5,033	(681)
Proceeds from sale of assets	<u>500</u>	<u>23,300</u>	<u>23,301</u>	<u>1</u>
Total revenues	<u>320,851</u>	<u>372,165</u>	<u>372,682</u>	<u>517</u>
EXPENDITURES				
Fire protection:				
Wages	85,850	89,675	84,456	5,219
Repairs and maintenance	25,800	32,100	32,080	20
Fringe benefits	23,500	25,400	28,229	(2,829)
Insurance	26,000	24,500	27,160	(2,660)
Utilities	12,500	14,750	14,598	152
Operating supplies	11,500	14,000	14,148	(148)
Professional services	11,500	13,900	13,331	569
Payroll taxes	6,570	6,570	6,267	303
Phone	3,500	4,500	4,167	333
Education and training	5,500	3,000	2,918	82
Office supplies and other	<u>5,800</u>	<u>7,995</u>	<u>7,135</u>	<u>860</u>
Total fire protection	218,020	236,390	234,489	1,901
Debt service:				
Principal	63,831	-	-	-
Interest	-	1,436	1,435	1
Capital outlay	<u>39,000</u>	<u>508,100</u>	<u>506,724</u>	<u>1,376</u>
Total expenditures	<u>320,851</u>	<u>745,926</u>	<u>742,648</u>	<u>3,278</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(373,761)</u>	<u>(369,966)</u>	<u>3,795</u>
OTHER FINANCING SOURCES				
Proceeds from the issuance of debt	<u>-</u>	<u>397,000</u>	<u>397,000</u>	<u>-</u>
CHANGE IN FUND BALANCES	-	23,239	27,034	3,795
FUND BALANCES - BEGINNING	<u>214,858</u>	<u>214,858</u>	<u>214,858</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 214,858</u>	<u>\$ 238,097</u>	<u>\$ 241,892</u>	<u>\$ 3,795</u>

December 2, 2008

To the Board of Commissioners
A.B.B. Joint Fire District, Michigan

We have audited the financial statements of the governmental activities, the major fund, and the remaining fund information of the A.B.B. Joint Fire District for the year ended June 30, 2008, and have issued our report thereon dated December 2, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 26, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the A.B.B. Joint Fire District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the A.B.B. Joint Fire District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the District's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended June 30, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the A.B.B. Joint Fire District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the A.B.B. Joint Fire District as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the A.B.B. Joint Fire District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The District has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The District has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the A.B.B. Joint Fire District and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.